



**OFFICE OF
STATE TREASURER
DENISE L. NAPPIER**

NEWS

FOR IMMEDIATE RELEASE

Wednesday, November 2, 2005

Nappier Says State Business Should Begin at Home; Calls Excessive Executive Compensation Key Concern of Investors

Treasurer Commends Business Council of Fairfield County for Role in State Housing Trust Fund

(Stamford)- Connecticut Treasurer Denise L. Nappier told nearly 250 Fairfield County business leaders Wednesday that the Treasury is investing in "Connecticut real estate and Connecticut businesses," and is encouraging Connecticut firms to do business with the Treasury.

Speaking at the annual membership luncheon of the Business Council of Fairfield County, Nappier said "some may consider this parochial, but I consider it the right thing to do... in the financial industry, it's called the double bottom line."

Nappier, principal fiduciary of the \$21 billion Connecticut Retirement Plans and Trust Funds and Connecticut's chief elected financial official, stressed the importance of state-based businesses and the jobs they create, saying that both the Treasury and the Business Council are affected by the "fiscal health of the state and the larger economy – but we also can influence it."

"I have always believed that we should look to keep some of our business right here in Connecticut, and we've instituted a number of programs to encourage Connecticut-based firms, as well as women-owned, minority-owned and emerging businesses, to earn a share of Treasury business as financial service vendors," Nappier said.

"We have provided these firms – too often shut out in the financial arena – a chance to show what they can do – and they've demonstrated by the quality of their work that there are tremendous benefits to bringing them on board. And, in fact, many of these smaller firms are located right here in Fairfield County."

In her remarks, Nappier also highlighted successful efforts by her administration to reduce the financial burden on businesses and taxpayers by innovative and effective management of the state's debt, unclaimed property, and worker's compensation – resulting in record-setting savings.

"Beyond the mission to grow and safeguard our state funds, we're also helping to relieve some of our state's financial burden, which in turn is making a difference for businesses and taxpayers where it counts most – on the bottom line," Nappier said.

HOUSING TRUST FUND WILL HELP BUSINESSES ATTRACT, RETAIN EMPLOYEES

Nappier also commended the Business Council, formerly known as SACIA, for their efforts in support of her proposal to establish a Housing Trust Fund for the first time in state history, as a way of increasing the availability of affordable work force housing in Connecticut.

Contact: **Bernard L. Kavalier**
Director of Communication
(860) 702-3277 FAX (860) 702-3043
BERNARD.KAVALER@PO.STATE.CT.US

The proposal was approved earlier this year by the General Assembly, and the Trust Fund Advisory Board has begun meeting to develop procedures to provide no-interest and low-interest loans and grants to for-profit and non-profit housing developers and community development financial institutions.

"Under this program, the construction and rehabilitation of affordable, quality housing could yield \$12 for every dollar of state investment, which could translate to more than \$1.2 billion in additional economic activity over ten years," Nappier said. "Beyond that, it will allow more people to live where they work, encourage young people and families to remain in Connecticut, help businesses in the recruitment and retention of employees, generate revenue for municipalities, and, if done right, it has the potential to mitigate some of the gridlock in our transportation system."

EXCESSIVE EXECUTIVE COMPENSATION IS KEY GOVERNANCE ISSUE FOR INVESTORS

One of the nation's leading voices for corporate governance reform and accountability to shareholders, Nappier said that one of the remaining issues central to fully restoring investor confidence in the American business community is excessive executive compensation.

"In an environment of pension uncertainty and job insecurity, the virtually endless dispensing of sky-high bonuses, stock options and salaries to corporate executives are hard to miss, and, from the standpoint of investors, hard to accept. And that's especially true when they're coupled with poor investment performance," Nappier said.

The Treasurer said that the issue would be "front and center" during annual meetings of shareholders next spring, saying that her office is calling on companies to "disclose their executive compensation comprehensively, in understandable terms, and in one place in the proxy statement."

Nappier told the business leaders that "I believe we share a common interest here in fully restoring the faith of investors in the decisions being made by corporate boards regarding the compensation provided to management. I don't begrudge substantial pay for solid performance. It is the wild unsubstantiated excesses – and their increasing frequency -- that have fed the public perception that this is the rule rather than the exception. So, need to work on this together - corporations, investors, and regulators."

Nappier noted that the Securities and Exchange Commission is also said to be considering new regulations related to the disclosure of executive compensation.

"In our view, executive compensation that is inconsistent with a company's performance severely threatens the credibility of a leadership at a company and has the potential to damage shareholder and public trust in that company. And that can adversely affect the value of our shares," Nappier said.

Nappier also highlighted the financial risks and business opportunities posed by climate change as among the issues that business should be considering. She called for greater analysis by businesses of the impact of a changing climate and altering business environment due to new regulatory actions and increased competition in the marketplace. The issue of climate risk was the subject of a Summit of leading institutional investors and Wall Street firms co-convened by Nappier at the United Nations earlier this year.

Nappier is the first woman to be elected State Treasurer in Connecticut history, and also the first African American woman to serve as a State Treasurer in the United States. She was elected in 1998 and re-elected in 2002. Earlier this year, she was re-elected to the executive committee of the National Association of State Treasurers, where she serves as Treasurer.

Contact: **Bernard L. Kavalier**
Director of Communication
(860) 702-3277 FAX (860) 702-3043
BERNARD.KAVALER@PO.STATE.CT.US